

Jennifer M. Granholm, Governor
State of Michigan

Robert W. Swanson, Director
Department of Labor &
Economic Growth

Douglas J. Kallnowski
Acting Deputy Director,
Department of Labor &
Economic Growth

John H. Finn, Administrator
Wage & Hour Division

Facts about Michigan's Minimum Wage Law

Michigan's Minimum Wage and Overtime Law covers:

- Employers who employ two or more persons, 16 years-of-age or older, and
- Certain employees in federally-covered businesses because the state minimum wage rate for those employees will be higher than the federally required rate as of October 1, 2006.

In situations where an employee is subject to both the state and federal minimum wage laws, the employee is entitled to the higher of the two minimum wage rates.

Agricultural workers continue to be covered by the state's minimum wage law.

Michigan's minimum wage

In March 2006, Governor Jennifer Granholm signed legislation increasing Michigan's minimum wage. The March and later legislation:

- Increase the state's minimum wage to:
 - **\$6.95** per hour, effective October 1, 2006,
 - **\$7.15** per hour, effective July 1, 2007; and
 - **\$7.40** per hour, effective July 1, 2008.
- Cover "**tipped**" employees who are 18 years of age and older. These workers must be paid \$2.65 per hour provided they report *in writing* tips which when added to \$2.65 will equal or exceed the state's minimum hourly rate.
 - Effective October 1, 2006, employers must pay an hourly cash wage of \$2.65, if the hourly reported tips are \$4.30. The wage and tips combined must equal or exceed \$6.95 an hour.
 - Effective July 1, 2007, employers must pay an hourly cash wage of \$2.65, if the hourly reported tips are \$4.50. The wage and tips combined must equal or exceed \$7.15 an hour.
 - Effective July 1, 2008, employers must pay an hourly cash wage of \$2.65, if the hourly reported tips are \$4.75. The wage and tips combined must equal or exceed \$7.40 an hour.
- Create a **youth sub-minimum wage** for those under 18 years of age. Businesses can pay these young workers 85 percent of the adult minimum wage. Effective October 1, 2006, the sub-minimum wage is \$5.91 an hour; on July 1, 2007, it becomes \$6.08; and on July 1, 2008, it increases to \$6.29.
- Provides an **overtime rate** for non-exempt employees of 1½ times the regular hourly pay rate, for hours worked beyond 40 in a seven-day workweek. Michigan law has been amended to align it with federal overtime provision that have been in effect in Michigan and that exempt certain categories of workers from overtime pay. Such categories include truck drivers, television/radio announcers, news editors, taxicab drivers, newspaper employees, live-in domestic workers, commissioned sales staff, nurses and computer analysts. Michigan law, however, has also extended overtime coverage to some at-home health care and day care workers.

- Establishes **compensatory time** provisions that allow an employee to accrue and use compensatory time in lieu of overtime pay if certain conditions are met.

Federal minimum wage

The federal minimum wage applies to employees of most enterprises. However, where an employee is subject to both the state *and* federal minimum wage laws, the employee is entitled to the higher of the two minimum wages.

The federal minimum wage applies to those who work for employers that:

- Produce goods for sale outside Michigan (for interstate commerce);
- Have gross annual revenue of more than \$500,000;
- Employ domestic service workers, such as day workers, housekeepers, chauffeurs, cooks or full-time babysitters and pay them at least \$50 in cash wages in a calendar quarter or work them more than eight hours a week;
- Are hospital or health care facilities for the sick, aged or mentally ill;
- Are pre-school, elementary or secondary schools or colleges;
- Are agricultural employers who employ 500 work-days of agricultural labor (in a quarter for the previous or current year); or
- Are federal, state or local governments.

For more information

To learn more about Michigan's minimum wage law, please contact:

Wage & Hour Division
Michigan Department of Labor & Economic Growth
6546 Mercantile Way – Suite 5
P.O. Box 30476
Lansing, MI 48909
PH: 517-335-0400 // FX: 517-335-0077

Livonia:
PH: 313-456-4906

Upper Peninsula:
PH: 906-482-3602

Website:
www.michigan.gov/wagehour

For more information about the federal minimum wage law, please contact the U.S. Department of Labor, Wage & Hour staff, at:

1-866-4US-WAGE



Michigan Department of Labor & Economic Growth
Office of Wage & Hour
Authority: W&H Administrator; Quantity: 1,000
Cost: \$14 (1.4¢/copy).